

## Message Text

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ORIGIN NEA-10

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P R 292054Z JAN 76  
FM SECSTATE WASHDC  
TO AMEMBASSY JIDDA PRIORITY  
INFO AMCONSUL DHAHRAN

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E.O. 11652: N/A

TAGS: BENC, BEXP, SA

SUBJECT: REQUES FOR EMBASSY ASSISTANCE: WASTE MANAGEMENT  
INCORPORATED

1. MESSRS. PHILLIP B. ROONEY, SENIOR VICE PRESIDENT, AND  
PETER H. HUIZENGA, VICE PRESIDENT AND SECRETARY, WASTE  
MANAGEMENT INC (WMI) OF OAK BROOK, ILLINOIS CALLED ON  
DEPARTMENT OFFICERS JANUARY 27 AND 28 TO REQUEST THAT  
REPRESENTATIONS BE MADE ON BEHALF OF THEIR FIRM WHICH IS  
SOLE AMERICAN FIRM BIDDING ON FIVE-YEAR RIYADH PUBLIC  
CLEANING PROJECT" TENDER ISSUED MARCH 1975 BY RIYADH  
MUNICIPALITY. WASTE MANAGEMENT HAS SUBMITTED LOW BID  
OF US DOLS 430,000,000 REPEAT US DOL 430,000,000 TO PROVIDE  
SANITATION SERVICES TO RIYADH INCLUDING ALL EQUIPMENT,  
FACILITIES, AND PERSONNEL. IN ADDITION, FIRM HAS  
SUBMITTED AN ALTERNATE, CHEAPER PROPOSAL WHICH IS ALSO LOW  
BID FOR LEVEL OF SERVICE AND TYPE OF EQUIPMENT AND FACILI-  
TIES PROVIDED. WMI BID IS SUBMITTED IN PARTNERSHIP WITH  
SAUDI-PRITCHARD LTD OF SAUDI ARABIA, JOINT FIRM FORMED BY  
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PRINCE ABDARRAHMAN BIN ABDALLAH BIN ABDARRAHMAN AND LONDON-

BASED INTERNATIONAL CLEANSING FIRM PRITCHARD SERVICES GROUP LTD. ABDARRAHMAN THUS HOLDS POSITION OF PARTNER, NOT MERELY AGENT. (FYI: WMI IS EIGHTY-YEAR OLD FIRM WITH 4000 EMPLOYEES AND ANNUAL SALES OF DOLS 170 MILLION.)

2. WMI STATES THAT THEIR ONLY COMPETITOR IS A GROUP OF FRENCH COMPANIES ,EADED BY RENAULT, IN COMBINATION WITH SAUDI FIRM ARKIN CONSTRUCTION. WMI FEELS FRENCH GOVERNMENT MAY HAVE MADE REPRESENTATIONS ON BEHALF OF FRENCH BIDDERS. ADDITIONALLY, THEY HAVE REPORTS THAT AFTER WMI BID WAS OPENED, FRENCH MAY HAVE OFFERED TO LOWER THEIR OWN BID BY UP TO FORTY PERCENT.

3. WMI CHAIRMAN OF THE BOARD DEAN BUNTROCK AND SENIOR VICE PRESIDENT DON FLYNN WILL BE IN JIDDA ON SUNDAY, FEBRUARY 1, AND WILL CONTACT EMBASSY (PROBABLY REQUESTING AN APPOINTMENT WITH AMBASSADOR PORTER) TO CONSULT FURTHER ON PROBLEM.

4. DEPARTMENT BELIEVES EM0ASSY SHOULD MAKE REPRESENTATIONS AT MINISTERIAL LEVEL ON THIS MATTER, POINTING OUT THAT QUESTION AT ISSUE IS INTEGRITY OF SAUDI TENDERING PROCESS. EVIDENCE THAT POLITICAL OR OTHER CONSIDERATIONS MAY OVERRIDE A LOW BID WHICH IS FULLY RESPONSIVE TO SAUDI SPECIFICATIONS CAN ONLY SERVE TO DISCOURAGE AMERICAN FIRMS IN GENERAL FROM ENTERING COMPETITION.

5. WMI BELIEVES THAT PRICHARD SERVICES GROUP LTD. WILL ATTEMPT TO STIMULATE SIMILAR REPRESENTATIONS BY BRITISH AMBASSADOR. SOME BRITISH EMBASSY OFFICIAL DID SPEAK TO UNIDENTIFIED SAUDI OFFICIAL IN RIYADH ABOUT ONE MONTH AGO. WE HAVE EXPLAINED THAT AMBASSADOR PORTER HAS NOT YET PRESENTED HIS CREDENTIALS AND IS THEREFORE UNABLE TO INTERVENE PERSONALLY IN THIS REGARD. WE HAVE ALSO POINTED OUT THAT REGARDLESS OF REPRESENTATIONS MADE BY EMBASSY, IT IS OBVIOUS THAT WMI'S PARTNER, PRINCE ABDALLAH, WILL HAVE TO PLAY A VIGOROUS AND ACTIVE ROLE IN MAKING HIS OWN REPRESENTATIONS WITHIN SAUDI GOVERNMENT. RIYADH MUNICIPALITY CONSULTANTS, WATSON SAUDI ARABIA, ARE UNDERSTOOD TO HAVE RECOMMENDED TO MUNICIPALITY THAT CONTRACT BE SPLIT LIMITED OFFICIAL USE

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BETWEEN THE TWO BIDDERS. KISSINGER

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NNN

## Message Attributes

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